

ABERDEEN CITY COUNCIL

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| COMMITTEE | Finance, Policy & Resources |
| DATE | 20 September 2016 |
| DIRECTOR | Richard Ellis |
| TITLE OF REPORT | 2016/17 Financial Monitoring–Corporate Governance |
| REPORT NUMBER | CG/16/103 |
| CHECKLIST COMPLETED | Yes |

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) Inform the Committee of the 2016/17 revenue and capital budget's financial performance for the period to 31 July 2016 for the services within Corporate Governance;
- ii) Advise on any areas of risk and management action.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:

- i) Note this report and the information on management action and risks that is contained herein;
- ii) Instruct that officers continue to review budget performance.

3. FINANCIAL IMPLICATIONS

3.1 Financial Implications are detailed in section 5 Background/Main Issues

4. OTHER IMPLICATIONS

4.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

5. BACKGROUND/MAIN ISSUES

- 5.1 This report provides a high level summary of expenditure as at the end of July 2016, shown in Appendix A.
- 5.2 The forecast net outturn under spend is £776k across the current net budget of £30m. The following items are of note and they have been incorporated into the forecast outturn:-
- Staff costs are forecast to be overspent by £148k. Pressure areas include agency expenditure offset by vacancy savings across the service. IT has employed additional staff to implement the hardware replacement program which will be offset by an equal underspend in the hardware budget reported under Supplies and Services. Commercial and Procurement Services has additional posts which will generate recharge incomes from Aberdeenshire for the shared services.
 - Transport costs are the main pressure area with vehicle insurance forecast to cost £200k more than budgeted. Driver training is ongoing within services aimed at reducing accident levels.
 - Supplies and Services are forecast to be underspent by £138k with the main forecast underspend being hardware expenditure which will be offset by additional staff costs needed to implement the hardware replacement program.
 - Income is forecast to be greater than budgeted by £945k with the largest areas of favourable variance are forecast recharges above budget of £225k to Aberdeenshire Council largely for Procurement and other shared services, £299k for recharges to Trading and £326k for recharges to the HRA. Other Income within Commercial and Procurement Services is forecast to be £200k less than budgeted offset by forecast additional income of £50k from the Supplier Incentive Scheme. The Employee Benefits Scheme is forecast to generate income above budget of £165k.
 - Other smaller variances within non-staff budgets account for the remainder of the movement from budget.

Earmarked Reserves

- 5.3. Included at Appendix B is a table of projects within Earmarked Reserves.

Capital

- 5.4 Included at Appendix C is a summary of the Corporate Governance capital programme projects.

6. IMPACT

Improving Customer Experience –

Accurate budget monitoring and forecasting assists the Council to plan and design our services around current and future customer needs as much as possible.

Improving Staff Experience –

Good financial information improves good financial management and helps to track how successful management initiatives, such as service redesign, have been.

Improving our use of Resources –

As a public sector organisation, the Council has a legal duty to be open, transparent and accountable for spending public funds.

Corporate -

Aberdeen the Smarter City:

Smarter Governance (Participation)

Accurate budget monitoring and forecasting contributes to the process of Smarter Governance.

Smarter Living (Quality of Life)

Corporate Governance services contribute to all services provided by ACC.

Public –

The Council has a duty to ensure that best value is considered in all of its operations and this report helps to inform that process.

7. MANAGEMENT OF RISK

- 7.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Elected Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period (not attached).

9. REPORT AUTHOR DETAILS

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Appendix A

| | Year To Date | | | Forecast to Year End | | | |
|--|----------------|--------------------|-----------------|--------------------------|-----------------|-----------------|-------------------------------|
| As at Period 4 2016/17 | Revised Budget | Actual Expenditure | Variance Amount | Full Year Revised Budget | Forecast Actual | Variance Amount | Change from previous forecast |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Finance | 2,419 | 1,924 | (495) | 6,210 | 5,950 | (260) | (6) |
| Legal & Democratic Services | 503 | 454 | (49) | 1,536 | 1,513 | (23) | 15 |
| HR, Organisational Development & Customer Services | 2,406 | 2,181 | (225) | 7,189 | 6,642 | (547) | (18) |
| Commercial & Procurement Services | 1,261 | 1,332 | 71 | 3,819 | 4,081 | 261 | 3 |
| IT & Transformation | 3,264 | 3,189 | (75) | 9,759 | 9,551 | (208) | (46) |
| Housing Benefits | 396 | (631) | (1,027) | 1,188 | 1,188 | 0 | 0 |
| Total | 10,249 | 8,449 | (1,800) | 29,701 | 28,925 | (776) | (53) |

| | Year To Date | | | Forecast to Year End | | | |
|--|-----------------|--------------------|-----------------|--------------------------|-----------------|-----------------|-------------------------------|
| As at Period 4 2016/17 | Revised Budget | Actual Expenditure | Variance Amount | Full Year Revised Budget | Forecast Actual | Variance Amount | Change from previous forecast |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff | 9,316 | 9,362 | 46 | 27,948 | 28,096 | 148 | (31) |
| Property | 220 | 212 | (8) | 627 | 619 | (8) | (1) |
| Administration | 846 | 775 | (72) | 2,752 | 2,714 | (38) | 3 |
| Transport | 187 | 229 | 43 | 560 | 768 | 209 | 12 |
| Supplies and Services | 2,192 | 2,083 | (109) | 6,643 | 6,505 | (138) | (15) |
| Transfer Payments | 16,902 | 18,002 | 1,101 | 50,705 | 50,701 | (4) | 0 |
| Gross Expenditure | 29,663 | 30,663 | 1,001 | 89,236 | 89,405 | 169 | (32) |
| | | | | | | | |
| Government Grants | (16,758) | (18,887) | (2,129) | (50,273) | (50,273) | 0 | 0 |
| Other Grant/Reimbursement/Contribution | (808) | (886) | (78) | (2,424) | (2,720) | (296) | (15) |
| Customer & Client Receipts | (430) | (402) | 28 | (1,290) | (1,265) | 25 | (10) |
| Interest | (8) | (6) | 2 | (24) | (24) | 0 | 0 |
| Recharges to Other Heads | (1,153) | (1,695) | (542) | (4,753) | (5,325) | (572) | 3 |
| Other Income | (257) | (338) | (82) | (770) | (872) | (102) | 1 |
| Total Income | (19,414) | (22,214) | (2,801) | (59,534) | (60,480) | (945) | (21) |
| | | | | | | | |
| Net Expenditure | 10,249 | 8,449 | (1,800) | 29,701 | 28,925 | (776) | (53) |

Appendix B

| As at Period 4 2016/17 | Balance b/f 1 April 2016 | Forecast for Year | (Unrequired) Amounts | New Amounts | Projected c/f 31 March 2017 | Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts) |
|---|--------------------------------|----------------------|-------------------------|----------------|-----------------------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| <i>Projects:</i> | | | | | | |
| New Microphones | 37 | 37 | 0 | 0 | 0 | Microphones/ web cam for Council Chambers. |
| Business Plan Service Options | 340 | 340 | 0 | 0 | 0 | 3 Information Management staff, Information Records Store Officer, 4 fixed term Analysts and Customer Service experience £25k. |
| Employee Benefit Scheme | 77 | 77 | 0 | 0 | 0 | Potential VAT liability for bus to work scheme . |
| Health & Safety Training programme for Managers | 25 | 25 | 0 | 0 | 0 | Funding for Institute of Occupational Health & Safety training programme for managers. |
| ICT projects | 4 | 4 | 0 | 0 | 0 | To fund ICT investment projects |
| ICT Rolling Programme | 38 | 38 | 0 | 0 | 0 | Revenue contribution to projects |
| | | | | | | |
| Total | 521 | 521 | 0 | 0 | 0 | |

Appendix C

| As at Period 4 2016/17 Corporate Governance | Figures for Total Project | | | | |
|--|---------------------------|---------------------|----------------------|----|----|
| | Approved Budget | Expenditure to Date | Forecast Expenditure | Pr | Cu |
| | £'000 | £'000 | £'000 | | |
| | | | | | |
| Data Centre Transition & Infrastructure Transformation | 3,000 | 905 | 2,993 | G | G |
| Technology Investment Requirements & Digital Strategy | 4,557 | 40 | 4,557 | G | G |
| | 7,557 | 945 | 7,550 | | |